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THE AGRICULTURAL • SITUATION •

JULY 1, 1937

A Brief Summary of Economic Conditions

Issued Monthly by the Bureau of Agricultural Economics, United States Department of Agriculture

Subscription price, 25 cents per year; single copy, 5 cents; foreign price, 45 cents; payable in cash or money order to the Superintendent of Documents, Government Printing Office, Washington, D. C.

VOLUME 21 - NUMBER 7 - WASHINGTON, D. C.



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JUNE has been favorable to growing crops in most sections of the country. Some parts of the Midwest have been too wet for cultivating corn. The serious feed shortage has been eased by new pastures. Cotton seems to be coming along in good shape in most of the South. Black stem rust has made an early appearance in the spring wheat area. Winter wheat harvest is well advanced. The apple crop looks pretty good so far. Truck crop prices are higher than last year. Hog prices are going to be high this summer. Demand for farm products continues strong. At the halfway mark, A. D. 1937 looks like a good farm year.

Commodity Reviews

DEMAND: Favorable Situation

FACTORS affecting current consumer demand for farm products in the United States changed little in the last month, and the situation continues favorable. While industrial production and general business activity have continued to level off, the outlook in general is for maintenance of approximately the present level of consumer demand for farm products during the next several months.

Several developments in the current situation point toward greater than the usual seasonal weakening in industrial activity during the summer. But these developments are much less significant as factors affecting consumer demand than the longer-time outlook which continues fairly favorable. These developments are: (1) Sales of goods in a number of important industries, particularly textiles, are below current production. This means that when the orders now on hand are filled production will be decreased unless buying speeds up. Such a renewal of vigorous buying may be delayed. (2) Building activity remains slow, due in large part to increases in construction costs. (3) The volume of new capital financing continues small. (4) Strikes are an unsettling influence.

Over a longer period of time, prospects continue favorable. The general recovery movement is expected to carry industry through any temporary period of hesitation. Minor fluctuations in business are not fully or immediately reflected in the buying power of consumers. Changes in employment and wage rates occur more slowly than do changes in industrial output. Any temporary slackening of business this summer probably will not be accompanied by a decrease of equal size in domestic consumer demand for farm products.

No marked change in the foreign demand situation is expected in the near future. Foreign industrial conditions during the last few months have been similar to those in the United States, in that the rise in industrial activity in some countries has slowed down.

FARM INCOME: Decrease in May

Farm income decreased from April to May, instead of increasing as it usually does. The reasons were smaller marketings of hogs, cattle, cotton, and grains, together with slightly lower prices. Total May income, including Government payments, was only slightly larger than income received in May 1936. But it was the largest for May since 1930. Farmers have received more income during the first 5 months of this year than in any other year since 1930 and 21 percent more than during the same 5 months of 1936. Income from the sale of farm products is expected to be larger during the remainder of the year than during the corresponding period of 1936. Here are the figures for April and May, last year and this year:

	From marketings	From Government payments	Total
May 1937...	\$577,000,000	\$33,000,000	\$610,000,000
May 1936...	541,000,000	59,000,000	600,000,000
April 1937...	583,000,000	63,000,000	646,000,000
April 1936...	493,000,000	37,000,000	530,000,000

FARM PRICES: Lower

Prices received by farmers for most of the major products were sharply lower on June 15 than they were on May 15. The index of farm prices computed by the Bureau of Agricultural Economics dropped 4 points, from 128 percent of the 1910-14 level

to 124 percent. Lower prices were caused, for the most part, by improved crop prospects. Hog prices rose sharply between mid-May and mid-June, as did prices of citrus fruits, but almost all other commodities were lower.

Prices paid by farmers were estimated to be slightly lower on June 15 than a month earlier. Because of the larger drop in farm product prices, the purchasing power of farm products dropped to the lowest level since last July—93 percent of pre-war.

Index Numbers of Prices Received and Paid by Farmers

[1910-14=100]

Year and month	Prices received	Prices paid	Buying power of farm products ¹
<i>1936</i>			
June.....	107	120	89
July.....	115	123	93
August.....	124	126	98
September.....	124	127	98
October.....	121	127	95
November.....	120	127	94
December.....	126	12 ²	98
<i>1937</i>			
January.....	131	130	101
February.....	127	132	96
March.....	128	132	97
April.....	130	134	97
May.....	128	² 134	² 96
June.....	124	² 133	² 93

¹ Ratio of prices received to prices paid.

² Preliminary.

Prices of Farm Products

Estimates of average prices received by producers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and States.

Product	June average, 1910-14	Jun 1936e	May 1937	June 1937	Parity price, June 1937
Cotton, lb.....cents--	12. 7	11. 4	12. 9	12. 4	16. 9
Corn, bu.....do----	68. 4	61. 3	121. 2	117. 2	87. 3
Wheat, bu.....do----	89. 0	79. 9	118. 3	108. 9	120. 2
Hay, ton.....dollars--	12. 16	7. 31	12. 11	10. 93	16. 14
Potatoes, bu.....cents--	71. 8	136. 6	109. 5	90. 6	94. 5
Oats, bu.....do----	41. 8	24. 3	53. 5	48. 1	54. 3
Soybeans, bu.....do----	(¹)	85. 3	174. 4	149. 7	-----
Beef cattle, cwt.....dollars--	5. 44	5. 99	7. 13	7. 13	7. 09
Hogs, cwt.....do----	7. 16	8. 91	9. 39	9. 97	9. 82
Chickens, lb.....cents--	11. 9	16. 4	14. 8	14. 8	15. 5
Eggs, doz.....do----	16. 7	18. 9	17. 9	17. 6	² 21. 7
Butter, lb.....do----	23. 2	26. 5	29. 4	28. 7	² 32. 5
Butterfat, lb.....do----	23. 4	27. 7	31. 6	30. 8	² 33. 3
Wool, lb.....do----	17. 5	27. 8	32. 7	31. 4	23. 9
Veal calves, cwt.....dollars--	6. 77	7. 46	7. 96	8. 01	9. 18
Lambs, cwt.....do----	6. 30	8. 33	9. 16	8. 88	7. 98
Horses, each.....do----	138. 90	98. 80	98. 10	96. 50	185. 80

¹ Prices not available.

² Adjusted for seasonality.

WHEAT: Small World Stocks

Though world production of wheat in the year beginning July 1, 1937, is expected to be about 3.8 billion bushels (around 300 million bushels greater than in the preceding year), world stocks of old wheat have been reduced so greatly that total world supplies during the coming year may be only slightly greater than in the preceding year. Stocks of wheat in the United States July 1 will be the lowest since 1919 and probably will not exceed 90 million bushels. Stocks of hard red spring wheat will be especially small. World stocks of old wheat, excluding those of Russia and China, probably will be around 530 million bushels on July 1 compared with 760 million bushels a year earlier. On the basis of June 1 condition, total wheat production was estimated at between 825 and 850 million bushels, consisting of about 650 million bushels of winter wheat and between 175 and 200 million bushels of spring wheat. A crop of this size would leave a considerable quantity available for export in addition to supplying domestic requirements. However, total spring wheat supplies of only 175 to 200 million bushels would hardly be expected to contain enough hard red spring wheat to satisfy normal requirements, and substitution of hard red winter wheat may be expected again this year. Moreover, black stem rust has been reported in the spring wheat area.

Futures prices have already adjusted to an export basis. As new wheat supplies from the Southwest increase in volume, cash prices are likely to adjust downward relative to prices in importing countries.

Prices in both the United States and foreign markets will continue to be sensitive to new crop developments during the next few months. Crop developments in the United States and Canada will be particularly important because these two countries are important sources of world supplies until

the Argentine and Australian crops become available next winter.

If lower cash wheat prices in the next few months are accompanied by large exports, prices would be expected to advance later in the year, both because of the reduction in domestic supplies and because of a prospective strengthening of world markets.

COTTON: Good Weather

Practically all the new cotton crop has now been planted and weather conditions during recent months have been favorable for planting and early growth of the crop.

Spot cotton prices at the 10 markets were steady at slightly over 13 cents a pound during May but declined sharply during the second week of June. For the week ended June 19 prices at the 10 markets averaged 12.25 cents compared with 14.70 cents at the high point in the week ended April 3.

Mill activity in the United States has continued at a record high level during the recent weeks, although there was some decrease during May. Sales of cotton cloth have been smaller than textile mill output since the middle of March but unfilled orders are still larger than they were a year ago.

Exports of cotton in May and early June were slightly less than a year earlier and much below average for the period. Total foreign shipments of 5.3 million bales from August 1 to June 18 were half a million bales smaller than in the corresponding period a year earlier. Prices of the principal foreign growths of cotton at Liverpool were about the same in May as in the 2 preceding months but were higher compared with American than at any time during the past year.

FRUITS: Apples Look Good

Apples.—The condition of the 1937 apple crop is above average in all regions except the far western group of States, where conditions are only

slightly below average. It is too early to forecast production of apples but present indications point to a crop somewhat larger than the 1928-32 average of about 165 million bushels. Should such a large crop materialize, prices of apples this year may average considerably below the high prices of last season, although improved consumer buying power will tend to offset the price-lowering influence of larger supplies.

Peaches.—A very small crop of peaches is expected in the Southern States which market their crops principally during June and July, but the California crop is expected to be about the same as that of last year and only slightly below average. Production in the States which harvest during the late summer and fall is expected to be much greater than usual, and it is estimated that the total peach crop will be almost one-fifth larger than that of last year and only slightly below average. Early shipments of Georgia peaches sold at high prices. Prices of peaches to southern growers will probably average higher than in any year since 1930. Prices for the late crop, however, will probably be below the high prices of last year.

Pears.—A large crop of pears is in prospect this season. Indications on June 1 were for a crop 17 percent larger than last year and nearly 30 percent above the 1928 to 1932 average. Although the larger crop will be partly offset by stronger consumer buying power this year, prices of pears are expected to average slightly less than those of last season.

Strawberries.—Prices of strawberries declined during the last month as shipments increased, but thus far have averaged slightly higher than those of a year ago. It is expected that prices of strawberries from the late States will average slightly lower than those of last season. The 1937 crop in the late group of States is estimated to be somewhat larger than the crop of last year and nearly 42 percent above the 1931-35 average.

TRUCK CROPS: Plentiful Supplies

Snap beans.—Early crop was short, but larger production in the second early and intermediate States has kept prices at a moderate level.

Cabbage.—With a near-record acreage in the intermediate States and with yields expected to be higher than those of last year, the intermediate crop is forecast at an all time record of 227,000 tons. Summer decline of prices may be greater than usual. Intended acreage in the late States is greater than that harvested last year.

Cantaloups.—Prices have been higher than in June 1936. Shipments are rapidly increasing, and a downward trend of prices may be expected. Production may not be as large as last year in the second early States, but may be larger than last year in the intermediate and late States, so prices are expected to decline about as usual during the next month or so.

Onions.—Acreage in the intermediate States is somewhat less than last year and not much larger than average. Less than average yields are expected. Because of stronger consumer demand, prices are expected to remain above last year's prices during the summer and fall.

Green peas.—Supply available for market during the next 2 or 3 months is indicated to be greater than the record production of last year. Prices probably will continue below those of last year.

Tomatoes.—Production of tomatoes is expected to be larger than last year during the summer. Tomato prices declined in June but at the middle of the month were still 50 percent higher than a year ago.

Watermelons.—About 40 percent fewer had been moved to market by mid-June than to the same date last season. Shipments are increasing now. Acreage and production are larger than last summer. Seasonal price declines may be expected during the next few weeks.

POTATOES: Prices Decline

Prices of potatoes declined sharply from the middle of May to the middle of June. Heavy marketings from the Southern States and California were largely responsible. The supply of new potatoes available for market is unusually large. Production is much greater than in 1936 in all producing areas.

Practically all of the crop produced in the early States and about half of that in the second early group has already moved to market, and shipments from the intermediate States are well started. If marketings continue at about the expected rate, prices will probably follow the usual seasonal trend which is slightly downward through the summer months.

FEED GRAINS: Lower Prices

The outlook for feed grain prices during the next few months will change with the weather. In early June prospects were reported to be generally favorable through most of the Corn Belt area. Planting of corn was retarded in some areas because of unfavorable weather but in recent weeks has made rapid progress, and the early planted corn is reported to be making good growth. Condition of oats and barley on June 1 was about average.

Prices of all feed grains declined considerably in late May and early June. Corn prices dropped sharply but are still high compared with prices of other feed grains and wheat, especially in the Western Corn Belt. Some further decline in feed-grain prices from the early June level is to be expected during the next 2 or 3 months if growing conditions continue favorable.

Corn prices are likely to remain high compared with prices of other feed grains and wheat, especially in the Western Corn Belt, during the summer. Wheat may be a cheaper feed for livestock than corn this summer. Large supplies of new crop corn will

not be available for feeding until October. Wheat is available in limited quantities now, and the bulk of the winter wheat will be harvested this month. The feeding value of a pound of wheat, ground or crushed, is about the same as that of a pound of corn. Since wheat weighs 60 pounds to the bushel, 4 pounds more than shelled corn, if wheat is the same price per bushel as corn, the greater weight per bushel will more than offset the cost of grinding or crushing wheat.

Index Numbers of Prices Paid by Farmers for Feed

[1910-14=100]

	1936	1937
January.....	94	142
February.....	94	145
March.....	94	144
April.....	93	153
May.....	95	153
June.....	94	147
July.....	114	-----
August.....	134	-----
September.....	136	-----
October.....	132	-----
November.....	133	-----
December.....	137	-----

HOGS: High Summer Prices

Hog prices are going to be high this summer. If corn crop prospects continue favorable, farmers will not market nearly as many hogs from now until October as they did in that period last year. This decrease in slaughter supplies will be offset by larger storage stocks of hog products on hand now. But with consumer demand for hog products expected to be considerably greater than it was last summer, hog prices will probably average higher than they did a year ago. Hog prices averaged about \$9.90 per 100 pounds from June to October last year at Chicago.

The figures on hogs slaughtered indicate that farmers have been marketing fall pigs earlier than usual from some areas, while in other areas they have been holding fall pigs on pasture and will finish them later on new crop small grains. Federally inspected slaughter in May was only about 2

million head, the smallest for the month in more than 40 years. Hog supplies are usually larger in May than in April, but this year they were 25 percent smaller. As a result of this decrease in slaughter during May, hog prices rose sharply and reached the highest level in nearly 8 years. During the last part of May and early June prices declined somewhat from this high level.

In spite of the high level of hog prices and the expected rise this summer, few hog producers consider themselves in a favorable position. The hog-corn price ratio is extremely low and unfavorable for feeding hogs. If corn crop prospects continue favorable this summer, many producers will plan to carry spring pigs that would normally be marketed during the summer through for finishing on new crop corn. Last year, in contrast to this year, many spring pigs were marketed earlier than usual during the late summer because of the severe drought.

Because of the unfavorable relationship between hog and corn prices during the past winter, the 1937 spring pig crop was smaller than the spring crop of 1936, and the fall crop is expected to be slightly smaller than that of 1936.

CATTLE: Better Grades Scarce

The outlook for prices of slaughter cattle for this summer and fall hasn't changed greatly during the last month. Marketings of well-finished grain-fed cattle during this period are expected to be much smaller than usual. Corn Belt farmers have had fewer cattle on feed this spring than in many years, and with limited supplies of grain on hand, they will be unable to supply as many well-finished cattle to the markets during the summer and early fall as they do in an average year. Numbers of the lower grades of cattle marketed during this period are also expected to be smaller than they were last year when the severe drought

forced liquidation of large numbers of cattle.

Prices of Choice and Prime steers declined during April and May but rose after mid-June. Prices of other grades of slaughter cattle have continued to rise. Prices of feeder steers did not change greatly during May and rose slightly during the first 3 weeks of June.

If crop conditions continue favorable in the Corn Belt this summer, a strong demand for feeder cattle is expected to develop in that area. With hog numbers at an extremely low level, farmers will be looking for cattle to consume their corn supplies. During the last 45 years there have been five other periods in which the feed supply situation was much like that of this year. In each of these years (with a good corn crop in prospect following a short crop) cattle-feeding was stimulated and prices declined the following year. This was notably true in the summer of 1935. If the corn crop is about normal this year, a similar increase in cattle feeding is likely to develop with the result that cattle prices may average lower in 1938 than in 1937.

SHEEP: Lower Lamb Prices

The usual seasonal increase in marketings of lambs during the next few months may be larger than average because of the delayed marketing of early lambs which will overlap with the movement of late lambs. Prospects for a large late lamb crop are favorable in most areas.

Prices of spring lambs rose sharply during the second and third weeks of May. In the last week of May prices declined, and in early June recovered most of this loss. After mid-June, however, prices again dropped lower. Lamb prices in May were the highest since 1929. Lamb prices were higher in May than a year earlier but chiefly because of higher wool and pelt values, since prices of all grades of dressed lamb were below those of a year earlier.

The decline in lamb prices after mid-June may be the beginning of the usual summer decline. With more than the usual increase in marketings expected in late summer and early fall, lamb prices are expected to continue to decline during the next few months. The extent of this decline will depend partly upon the demand which develops for feeder lambs.

WOOL: Prices Still High

Although wool prices declined in May they are still well above those of a year earlier. Further declines in wool prices during the summer months probably will be small, since mill consumption of wool is expected to remain relatively high. Supplies of apparel wool in the United States in May probably were larger than a year earlier but they were smaller than average for the last 10 years. Supplies now available in this country will not be sufficient for domestic mill requirements during the remainder of the wool marketing year which ends in March 1938.

DAIRY PRODUCTS: Milk Production Up

Milk production was stepped up rapidly in May under the influence of improved pastures after cows had been on short rations during the winter. The increase in milk production per cow from May 1 to June 1, as reported by crop reporters, was the largest increase between these two dates in 13 years of record. The number of milk cows on farms is probably about 2 percent smaller than a year ago. Total milk production on June 1 was slightly larger than on June 1, 1936. Production is expected to continue greater than in 1936 during the next few months.

Butter and cheese prices both averaged lowed in May than in April but were both around 15 percent higher than in the corresponding months of 1936. Butter prices are expected to

average fairly high during the summer because of strong consumer demand, although they probably will not be as high as in the same months of 1936, when production was greatly reduced by the drought. But except for 1936 they will probably be the highest since 1930.

Movement of butter into storage during May was about the same as the movement during May a year ago and somewhat smaller than average. There was little increase in holdings of cheese during the month.

POULTRY: Small Hatch

The extremely unfavorable relationship between feed costs and egg prices during the last winter and spring has caused a reduction in the hatch of chickens this spring, as had been expected. Reports from commercial hatcheries indicate a reduction in hatchings of about 10 percent for the period January through May. The number of young chickens in farm flocks, a good measure of the total hatch, was 15 percent less on June 1 than a year before.

The farm price of eggs is near its low point for the year and will soon begin its seasonal advance to December. Because of larger storage stocks of eggs than in 1936, the advance during the coming months is not likely to be as great as it was a year earlier, in spite of stronger consumer demand.

Production of eggs per hen, according to reports from crop correspondents, continues unusually high. Production of eggs per hen on June 1 was the highest ever reported for that date, and the aggregate production since January was the highest ever reported for those 6 months.

The farm price of chickens appears to have reached its peak for the year. The normal seasonal decline will probably be greater than average during the next 3 or 4 months because of the large storage stocks of frozen poultry. Most of this poultry must be moved out of storage before the new storage season begins in late summer.

Farm Security

IV. SECURITY AGAINST CROP LOSSES¹

EFFECTIVE soil conservation can do much to prevent or at least soften the blows suffered by farmers from unpredictable crop failures. We have been forcefully reminded in recent years of the impracticality of plowing and cultivating land that should have remained in grass—of baring hillsides to the spring rains—of removing the natural soil cover which had formerly held water in storage. But security against crop losses is not entirely a matter of soil conservation, important as that is. Even if every acre of farm land in the country were used according to best soil-conservation practices, some farmers in some areas would undergo the hardship of crop losses each year.

Most of us think of crop failure in terms of drought. And shortage of water is the biggest country-wide hazard to crop production. But there are many other hazards, and in certain areas some of these are more important than drought. Disease (Black stem rust, one of the worst enemies of wheat has been reported this summer in the spring wheat area), insects (remember the chinch bug and grasshopper plagues in the Corn Belt in the last few years?), frost, tornado, fire, and too much water as well as too little are all hazards which each year cause losses to farmers in some parts of the country.

Farm security is not possible or even conceivable until some method of either preventing or easing the effect of crop failures is devised. Insurance has for many years been a cornerstone of commercial business. No businessman would think of starting an enterprise without protecting himself against unavoidable risks at every turn. Yet farming, a most hazardous business, is woefully short of protection against such risks. Men say, "Oh, farming is a gamble," and dismiss the subject with that. So was shipping

until ship-owners cooperated to share the risks of the high seas.

SCIENTIFIC agriculture, it is true, has made and is making rapid progress toward conquering the causes of crop failures. Soil conservation is one of the biggest weapons in this battle. Disease and pest control are others. But as yet we are a long way from anything like security against crop losses.

Crop insurance has, unfortunately, a disappointing history. Special kinds of crop insurance, such as hail coverage, have been successful and are in wide use today. But all-risk insurance experiments have invariably failed in this country. There have been a number of trials by private companies since 1890.

These trials have borne fruit, however, in that they have pointed out some definite reasons for failure in insuring crops. Most of the experiments, for one thing, were operative only in small areas and the companies were thus subject to the hazard of local crop failure without the protection of spreading the risk. For another thing, the insurance covered income rather than physical loss alone. The companies were insuring prices as well as production. When prices crashed so did the experiments. A third factor in the failures of crop insurance in the past was the lack of an adequate statistical basis for computing premiums and determining a safe amount to insure.

All-risk crop insurance is too big a job for private insurance companies and is, therefore, one of those things like bank-deposit insurance which, if undertaken, must be done by the Government. But apart from that, the Government has a direct interest in establishing crop insurance. The Government has put up hundreds of

¹ This is the fourth of a series on farm security.

millions of dollars in the last 15 years to provide relief for farmers who have had their resources devastated by crop failure. The public, through the Government, could well afford to bear the administrative expense of an insurance program which would help farmers to stand on their own feet as an alternative to providing direct relief in time of crop disasters.

Crop insurance is not a guarantee of farm security in itself. It is an attempt to remove from farming some of the elements of risk that have been characteristic.

ITS effects would not be limited to farmers alone; it would have a stabilizing influence on general economic activity—particularly of businesses directly connected with farming. It would do much to stabilize farm income even though violent ups and downs in production still occurred in certain areas. In addition, it would help to smooth out variations in prices of farm products. Insurance would provide a steadier flow of farm production year in and year out by

building up reserves in good crop years to be paid back to farmers in poor crop years. That is, insurance in kind would have such an influence, and in view of private companies' experience with insuring income, insurance in kind seems the most logical type for the Government to try.

The Government is in a better position to carry on a program of crop insurance at present than any agency has been in the past. The A. A. A. collected a vast amount of statistical data relating to crop production during the last 3 years. The data are particularly complete in the case of wheat, producers of which are one of the groups most in need of insurance. Producers of wheat have shown more interest in insurance than any other group. As one of the first steps in the drive for farm security, an insurance program should be offered wheat farmers as soon as possible. If successful in the case of wheat, the program could be broadened to include other crops.

A. G. BLACK.

Consumer Income and Consumption of Poultry

THE income of an urban family affects its consumption of poultry in two different ways. Income influences the decision to buy any poultry at all in preference to some other purchase; it then influences the amount to be bought. These two relationships are distinctly different in their character and in their results.

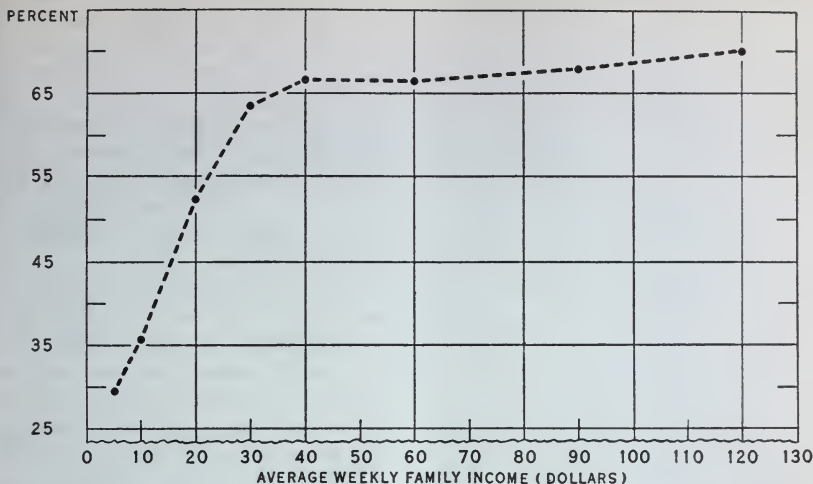
There are other circumstances, of course, which tend to determine the amount of poultry a city family uses. The nationality or race of the family, its size and composition, and the price of poultry are among these. As shown by a recent and extensive survey in New York City, however, family income is one of the dominant factors affecting the amount of poultry bought.¹

This survey, covering 75 different foods, was begun in early 1935 and continued until Easter 1936. Information was obtained by enumerator and questionnaire from some hundred thousand families in this period, according to a carefully randomized sampling scheme which assured a high degree of representativeness in the sample obtained. The charts shown here are based upon 8,323 of these records, taken during March-May 1935. Subsequent records confirm the results shown here.

The effect of income upon the decision to buy any poultry at all is shown in figure 1. Thus, about two-thirds

¹ The effect of changes in income on the amount of poultry bought will be discussed in an article in the August issue of the *Agricultural Situation*.

FAMILY INCOME AND PERCENTAGE OF FAMILIES BUYING POULTRY, NEW YORK CITY, MARCH-MAY, 1935



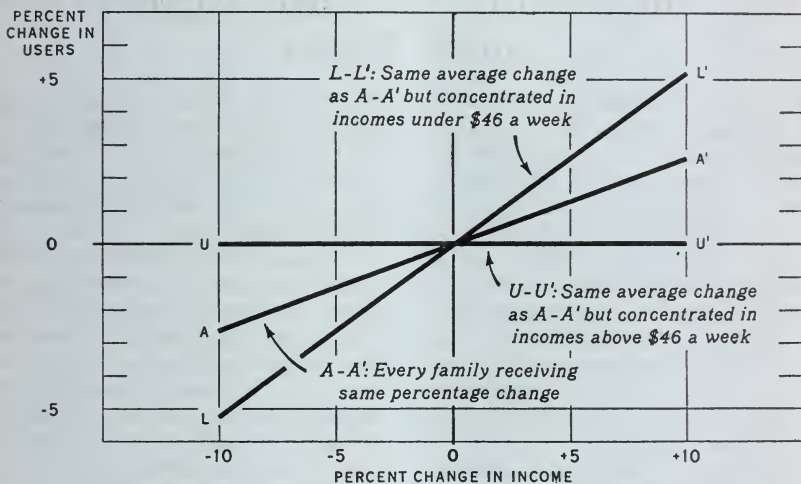
U. S. DEPARTMENT OF AGRICULTURE

NEG. 32453

BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 1.

ESTIMATED CHANGE IN NUMBER OF POULTRY USERS AND CHANGE IN AVERAGE INCOME OF NEW YORK CONSUMERS



U. S. DEPARTMENT OF AGRICULTURE

NEG. 32086

BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 2.

of the families in the \$40 per week income group bought poultry during the 7 days prior to their interview. While there is little increase in this proportion among families with greater incomes, there is a sharp falling off in the proportion among the lower income groups. Suitable adjustments have been made so that the relationship

shown here is free from the effects of nationality or race and of size of family.

It is of interest to note the expected effect on poultry consumption of a given increase in incomes, say 10 percent. The fact that changes in income affect poultry consumption of different income groups differently and the fact that families are not evenly distributed

in all income groups, but are more numerous in the lower ones, both prevent the use of figure 1 for this purpose.

Instead, figure 2 is appropriate. It shows in line A-A¹ the percentage change in numbers of families using poultry which would be expected, for the city as a whole, as a result of any percentage change in income which affected every family alike. That is, if the income of every family increased by 10 percent a 2½ percent increase in numbers of poultry users would be expected, other things equal.

If, however, this 10 percent gain in incomes for the city as a whole occurred only in families with less than \$46 weekly income, higher incomes not rising at all, then a 5-percent gain in number of poultry users would be expected as shown by line L-L¹. That is, the same total amount of money for an increase in pay rolls and dividends

and other forms of income would double the increase in poultry users if concentrated in families below \$46 weekly income as compared with a proportionate increase in the income of all families.

On the other hand, if this 10-percent income increase was concentrated entirely among families of more than \$46 weekly income, no change in the number of poultry users would be expected, as in line U-U¹.

This is one effect of consumer income alone. It is not clear from data now available that these would be the final results of both income and price changes. In other words the evidence is not complete as to the extent that the effect of a given increase in income might be offset by the increased prices likely to occur at about the same time.

A. STURGES and G. W. SPRAGUE.

Meat Imports Increase with Higher Livestock Prices

IMPORTS of meats and live cattle have increased materially from the low level of 1932, and last year the combined total was the largest since 1929. This total, however, was equivalent to only about 2 percent of the total domestic production of meats in 1936. Contrary to the general impression, total imports of meats and cattle in the first 4 months of 1937, when converted to a dressed weight basis, were no larger than in the same period of 1936, although pork imports were considerably larger.

The direct cause of the increase in imports since 1932 or 1933 has been the greater rise in prices of meats and livestock in this country than in foreign countries. The rise in domestic prices since 1933 has resulted from improved consumer buying power and from decreased marketings of hogs and of the better grades of cattle occasioned by the droughts of 1934 and 1936. Prices of meat animals received by farmers have more than

doubled since 1933, and farm income from livestock has increased greatly. In 1936 cash farm income from meat animals was the largest for any year since 1930. A further increase occurred in early 1937.

In general, it appears that livestock prices have not been affected materially by the larger imports of meats and cattle in the last 3 years, and that factors other than changes in imports have been primarily responsible for the variations in prices during the last decade. In the case of pork at any rate, the net importing position of the United States probably is only temporary. If the production of feed grains is more nearly normal this year and in 1938, hog production probably will increase considerably. In this event it is likely that by the last half of next year the United States will again become a net exporter of pork.

Imports of cattle and canned beef dropped off greatly for a few years after 1929, but by 1936 imports had

increased nearly to the 1929 level. Imports of cattle in 1936 were about 100,000 head smaller than the 1929 imports, while imports of canned beef were slightly larger. In the period January through April 1937 imports of cattle were about 12 percent larger than in the corresponding period of last year, but imports of canned beef were about 35 percent smaller than in the first 4 months of 1936.

Imports of pork into the United States have always been relatively small; annual imports of hams and bacon exceeded 3,000,000 pounds only once from 1928 through 1934. But in 1936 they amounted to about 26,000,000 pounds. In the first 4 months of this year pork imports were considerably larger than in the corresponding months of 1936. In December 1936, probably for the first time on record, imports of pork exceeded exports of that product. Imports also were greater than exports in January, February, and March of 1937.

In order to determine the importance of imports in the total meat supplies of this country, it is necessary to convert the various kinds of imports into a common unit. Since data on the domestic production of meats are readily available on a fresh-meat or dressed-

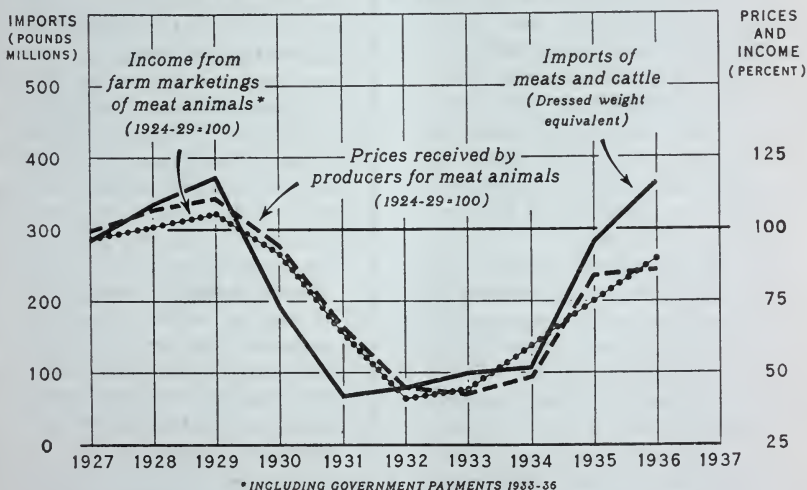
weight basis, imports of cattle and of the various kinds of meats were converted roughly to a dressed-weight basis.

IMPORTS of cattle, beef, pork, and other meats on a dressed weight equivalent basis for the years 1927-36 are shown on the chart. The combined imports of meats and cattle in 1936 on a dressed weight basis were equivalent to about 2.2 percent of the estimated total production of meats for the year, compared with less than one-half of 1 percent in 1931, and about 2.3 percent in 1929. In terms of dressed weight, the total imports of meats and cattle in 1936 were equal to about 363 million pounds, only about one-fiftieth as large as the total production of meats in the United States last year.

In the first 4 months of 1937 imports of meats and cattle combined in terms of dressed weight were about the same as in the corresponding period last year. The larger imports of pork and live cattle during the period were about offset by reduced imports of canned beef.

In nearly all years prior to 1936, exports of meats exceeded imports. This was particularly true in the early post-war years, when exports of pork were large. Exports of pork have declined since about 1924, dropping

**IMPORTS OF MEATS AND CATTLE, PRICES OF MEAT ANIMALS,
AND FARM INCOME FROM MEAT ANIMALS, 1927-36**



sharply in 1935. In 1936 they were even smaller than in 1935. With imports increasing and exports decreasing in the last 2 years, the excess of meat exports over imports was very small in 1935, and in 1936, imports were larger than exports. Net imports of meats, excluding cattle, in 1936, however, were equivalent to less than 0.5 percent of the total production of meats in that year.

In the last 3 years the United States market has become a more favorable outlet for meats and livestock from foreign countries than it was in 1931 and 1932. For example, the average price of hogs at Chicago in 1936 was about 160 percent higher than in 1932. In Canada the price of hogs in 1936 was about 100 percent higher than in 1932, and in Poland the rise in this period amounted to only about 40 percent. Likewise, the average price of all grades of beef steers at Chicago in 1936 was about 32 percent higher than in 1932, whereas the price of steers on Canadian markets was only about 7 percent higher.

In the last 10 years, at least, when prices of livestock and farm income from livestock in this country have been relatively high, imports of meats and cattle have been larger than average. It will be observed in the chart that livestock prices and farm income from livestock generally were fairly high in 1927, 1928, and 1929, and imports of meats and cattle were above average. From 1931 to 1934, when livestock prices and income were low, imports were very small. The advance in livestock prices since 1934 has been accompanied by a considerable increase in imports.

When the combined volume of imports of meats and cattle is compared with the production of meats in the United States, it appears fairly obvious that the increase in imports has not affected materially either livestock prices or incomes of livestock producers. Although imports of meats and cattle, on a dressed weight basis, more than tripled from 1933 to 1936,

the increase in imports during this period, of about 263 million pounds, was equivalent to only about 1½ percent of the average annual production of meats.

If there had been no imports of meats and cattle in 1936 and early 1937 or if they had been as small as in 1931-32, it seems probable that the tendency would have been for prices of meat animals to have been higher than they were, since meat supplies were increased slightly by imports. The effect upon the general level of livestock prices of so small a decrease in total meat supplies, however, can hardly be measured.

IT IS of particular interest that most of the recent increase in pork imports has been in shipments of canned hams, coming mostly from Poland. In general, Europe as a whole produces a smaller quantity of hog products than is needed for European consumption. The increase in European hog production in recent years, however, has reduced Europe's need for

Imports of meats and livestock into the United States are subject to duties in all cases. The duty on live cattle varies from 1½ to 3 cents per pound. The duty on canned beef is 6 cents per pound, but not less than 20 percent ad valorem, and that on hams is 3¼ cents per pound. Under the 1930 Tariff Act imports of live animals and fresh, chilled, and frozen meats are prohibited from foreign countries where the Secretary of Agriculture determines that foot-and-mouth disease or rinderpest exist. This has prevented imports of cattle and chilled and frozen beef from South American countries, where the largest exportable surplus of beef is produced.

imported pork. On the other hand, fat production in Europe is still considerably short of the European need for fats. In several countries increases in hog production have been made possible by larger imports of feedstuffs. Hence, it seems unlikely that exports of pork from European countries to the United States will ever become very large. As hog production in this country is increased to a more

normal level with the return of average feed crops, a considerable decrease in imports of pork is probable, and it is likely that the United States will return to a net exporting basis for pork. If feed crop production is about average in 1937 and 1938, domestic hog slaughter by 1939 or 1940 probably will not be far below the average slaughter prevailing before the 1934 drought.

PRESTON RICHARDS.

Increase In Winter Vegetables

THOSE who remember pre-war methods of retailing vegetables must be impressed with present day attractive displays of nearly all kinds of fresh vegetables commonly seen in grocery stores. Many of the standard vegetables as snap beans, carrots, cauliflower, lettuce, peas, tomatoes, and others, are available in volume and at popular prices throughout practically the whole year. The effort to lengthen the season for fresh vegetables from the few months, when home-grown or nearby products are on the market, to a full year has been successful. Records amply bear out the assumption that production and consumption of vegetables, particularly winter vegetables, are much greater than they were 20 years ago.

The production of 17 vegetables for fresh market more than doubled from 1919 to 1936. A large part of this increase was in the West and South, regions that supply the large eastern and northern markets when local production is not in season. However, the records on movement to market show that the consumption has increased greatly in the summer as well as in the winter. Carlot and boat shipments of 12 important items in the fresh vegetable supply (snap beans, carrots, cauliflower, cucumbers, lettuce, mixed vegetables, peppers, spinach, tomatoes, southern cabbage, southern onions, and southern potatoes) were slightly under 200,000 cars in 1936, approximately double the 1920 shipments. The shipments of these same products during the winter season (the 6 months November to

April) were more than two and one-half times those in 1920. Most of the increase in carlot movement was prior to the depression, but there has been a considerably larger annual volume shipped by motortruck since 1930 than before that time. Especially large increases in winter shipments since 1920 were made in snap beans, carrots, lettuce, mixed vegetables, peas, spinach, and early potatoes. The striking increase in production and consumption of fresh vegetables is all the more remarkable in view of the increase of approximately 50 percent in production of eight important vegetables for canning or manufacture, since 1920.

The expansion of fresh vegetable consumption is attributed largely to the following factors: Industrial wages during the post-war decade were more than twice as high as in 1910-14. This increase in consumers' purchasing power made possible a better and more varied diet. Display methods in chain stores and other progressive retail stores created consumer desire for fresh vegetables and extended the season. Dietitians and medical authorities advocated wider use of certain vegetables. Improvement in refrigeration methods and the increase in efficiency of transportation, including use of the motor truck and in redistribution from the large markets to small cities and towns within a radius of 100 miles or more, also have been important factors in the increase in fresh vegetable consumption.

J. W. PARK.

The Food Bill of American Families

NEW England families 'tend to spend more money for food than families in other regions, but partly because of lower food costs Pacific coast food budgets are more likely to provide adequate diets than those in other regions of the country. This information comes from an analysis made by the Bureau of Home Economics covering 20,000 native, self-supporting families. The estimates of food supplies for these 20,000 families were obtained by the Bureau of Home Economics as part of its work in a co-operative project in which the National Resources Committee, the Central Statistical Board, the Bureau of Labor Statistics, and the Works Progress Administration also participated.

The weekly family food bill ranged from 65 cents to \$7 or more per person throughout the United States in 1936. These amounts refer not only to purchased food, but in the case of farm or village families also to the money value of all foods, including those home produced.

Three-fourths of the small city and village families in New England spent less than \$3.65 per capita weekly for food. The bulk of this group spent between \$2.30 and \$3.65 per week. In contrast with New England, Negro families in the small cities and villages of the Southeast spend the least for food of any group covered in the study. Three-fourths of the Negro families in this area spent less than \$1.85 per

person per week. And the bulk of this group spent between 85 cents and \$1.85 per person per week.

The table shows the range in food expenditures characteristic of small city and village and farm families in different parts of the country.

Recent studies indicate that small city families in the Northeast probably would require, at 1936 prices, a weekly per-capita food expenditure of about \$2.70 to obtain an inexpensive but adequate diet. About \$2.50 in the Pacific region, \$2.35 among the white families and \$1.80 among the Negro families in the South would be needed for equally good diets. These amounts would buy the Bureau of Home Economics' suggested "adequate diet at minimum cost" in the different areas. The differences from region to region and between the racial groups are due in part to differences in retail food prices paid and in part to the traditional food selection habits of the families.

THE figures on food expenditures in these different regions show that 70 percent of the families studied in the Pacific region spent enough for food to obtain a fully adequate diet. About 65 percent of the New England families spent enough to obtain an adequate diet, about 60 percent of the Southeast white families, but only 40 percent of the Negro families.

The table shows the weekly per-capita money value of the food of the

Weekly Per Capita Money-Value of the Food Supply of Small-City, Village, and Farm Families

Region	Small-city and village families: range in money-value of food of—		Farm families: range in money-value of food of—	
	Middle half of families	Lowest quarter of families	Middle half of families	Lowest quarter of families
New England.....	\$2.30-\$3.65	\$1.25-\$2.30	\$2.10-\$3.10	\$1.25-\$2.10
North Central.....	1.90- 3.10	.65- 1.90	1.75- 2.70	.65- 1.75
Western.....	2.10- 3.25	1.25- 2.10	1.75- 2.80	1.25- 1.75
Pacific.....	2.10- 3.35	1.25- 2.10	2.10- 2.90	1.25- 2.10
Southeast, white.....	1.65- 2.80	.65- 1.65	1.35- 2.30	.65- 1.35
Southeast, Negro.....	.85- 1.85	.65- .85	.75- 1.50	.65- .75

farm family to be from 30 cents to 60 cents less than that of the small city and village family in the same region. The difference is due largely to the fact that home produced food—an appreciable factor in the farm family's food supply—was given a monetary value lower than city retail prices. It does not indicate less food.

Income in relation to family size probably is a more significant factor than occupation in determining expenditures for food. The level of food expense per capita is highest

among small families and lowest among large families as a general rule. This pertains equally to families in small cities, villages, or on farms. In general, families of business and professional workers spend slightly more for food than do clerical families, and clerical families more than wage-earner groups. The differences are not marked, however. They probably reflect income differences rather than differences in food requirements due to occupation.

HAZEL K. STIEBELING.

Farm Population Decreases During 1936

THE number of persons living on farms at the beginning of 1937 was 80,000 less than 1 year earlier. This is the first net loss reported since 1929. Farm population was 31,729,000 on January 1, 1937, compared with 31,809,000 one year earlier and 31,801,000 in 1935, according to estimates of the Bureau of Agricultural Economics.

It is estimated that during 1936, 716,000 babies were born to farm women and 349,000 farm residents died. Therefore, if there had been no migration from or to farms during the year, the farm population would have increased by 367,000.

But during 1936, 1,166,000 persons moved from farms to villages, towns, and cities, and 719,000 persons moved from villages, towns, and cities to farms. That is, 447,000 more persons left farms than came to farms. As a result, the farm population decreased by 80,000 persons during the year. The pull of industrial centers with increasing employment opportunities continued to make itself felt during 1936, as it had during the preceding 2 years. The drought was an important influence both through increased migrations away from farms and decreased migrations to farms in the affected areas.

Although the net change in the farm population for the United States as a whole was slight, there were pronounced changes in some geographic

divisions. In the West North Central and West South Central States, where the drought of 1936 was particularly severe, the decreases reported during 1934 and 1935 were continued during 1936. In the West North Central States farm population was decreased by 101,000 persons during 1936, with the result that this section reported fewer people on farms in 1937 than in 1930. The West North Central States were the only group to fall below the 1930 level. The farm population of the West South Central States decreased by 62,000 during 1936, and that of the Mountain States by 21,000. The Middle Atlantic States reported a decrease in the farm population, as did the industrialized States of the East North Central group. In both cases the losses were caused largely by migration from farms to towns and cities. In the South Atlantic and East South Central States there were increases in the farm population primarily because there were many more births than deaths in these States. The farm population of the Pacific States increased by 37,000 chiefly because of migration from other States.

THE movement from farms was greater than the movement to farms in all areas except the Pacific Coast States and Florida. These exceptions are probably due to the movement of persons from towns and

cities in other States to farms in these States. The drought of 1936 was a major factor affecting the movements in the farm population during the year. In the most severely affected areas, farms were losing population through migration to farms in other areas, migration to towns and cities, and through a decrease in migration to farms in the dry sections. In the Pacific Coast States and Arizona and Idaho, on the other hand, farm population increased because of migration from farms in other States and because of migration to farms from towns and cities, in part from the drought States. Migrants from the drought States apparently also went east but there they are less concentrated than in the Western States. There was also considerable movement from one drought State to another.

The decrease in farm population in 1936 is a reversal of the trend observed

in earlier years, 1930-35, when farm population increased each year. Although the number of people who left farms in 1936 was nearly half a million greater than the number of people who moved to farms, the net migration is still less than the average for the 5 years before 1930, when the farms were annually sending out nearly 600,000 more persons than they were receiving from villages, towns, and cities.

If all persons who are born and reared on farms remained there, the farm population would grow much more rapidly than the other parts of the total population of the United States. Seven hundred thousand young people on farms are reaching maturity each year. Under existing conditions some of them do not find places in agriculture and move away from farms.

CONRAD TAEUBER.

Better Cotton

THE quality of the American cotton crop has improved over the past 9 years. Official grade and staple reports have been published by the Bureau of Agricultural Economics for the nine crops of 1928 to 1936. These reports show an appreciable increase in the average length of staple since 1928.

Previous to 1928 it was commonly believed that the quality of the United States cotton crop had been deteriorating for several years, particularly after the infestation of the boll weevil became serious. Even before the boll weevil appeared in the long-staple producing areas, manufacturers had complained of a serious depreciation in the quality of cotton produced in Louisiana and Mississippi. The extent to which these beliefs were justified can never be accurately determined.

The official figures on the quality of ginnings since 1928, however, make possible an accurate determination of the quality of the cotton crop since then. The reports show the number

of bales in each individual grade and in each staple-length group.

Since 1929 the number of bales of cotton shorter than seven-eighths inch in staple, and the proportion of the total cotton crop shorter than seven-eighths inch in staple, have decreased. The number of bales and the proportion of the untenderable lengths of staple have also decreased since 1929. Since 1934 the production of cotton of slightly longer length—seven-eighths and twenty-nine thirty-seconds inch—has also decreased. The decrease in production of cotton of the shorter lengths has been accompanied by marked increases in production of some of the longer lengths, particularly 1 to $1\frac{3}{4}$ inches. As a result of the decrease in production of shorter-length cotton and the increase in longer cotton, the average length of staple has increased over the last 9 years.

The increase in staple length has been general through most of the Cotton Belt, with the exception of

Texas and Oklahoma. The most significant increases have taken place in the Southeast and in the irrigated parts of the Southwest.

The average staple length of ginnings from the 1936 crop was greater than that for any other crop since the beginning of the grade and staple reports. The proportion of ginnings from the 1936 crop 1 inch and longer in staple was greater than that for any other year for which figures are available. Ginnings seven - eighths and twenty-nine thirty-seconds inch in staple totaled considerably less in 1936 than in any other year since 1928. Ginnings shorter than seven-eighths inch in staple were less than ginnings of these lengths from the 1928, 1929, 1930, and 1935 crops.

NO CONSISTENT change has been noticed in the grade of the American cotton crop since the quality reports were inaugurated. About two-thirds of the United States crop is, on the average, Extra White and White Middling and above in grade. Spotted cotton constitutes only about one-seventh of the crop, on the average, and most of this is Middling and better in grade. Only a negligible proportion of the total crop is below any of the established grades.

Changes in staple length of the cotton crop may have been caused by differences in the growing seasons, but it would hardly seem logical to

attribute all the changes to this one factor alone. A partial explanation may be that the Extension Service in some of the States has promoted the planting of better seed, as have also seed breeders, farmers' organizations, and others. The promotion of one-variety communities by the Bureau of Plant Industry has been quite successful in improving the quality of cotton in some parts of the Cotton Belt. Cooperative marketing associations have been able to obtain differences in price for different staple lengths, so they, too, have probably encouraged farmers to grow cotton of longer staple length. During the last few years the quality information on individual bales furnished by the Bureau of Agricultural Economics has enabled farmers cooperating in the grade and staple work to compare the cotton produced by different varieties of seed and thus improve the quality of their cotton.

These factors, and perhaps many others, have contributed either directly or indirectly, to the increases that have taken place in the length of staple since 1928. It would be difficult, if not impossible, to determine the separate effects of each. Whatever the causes, the fact is that the staple length of the United States crop has increased. Even more important, an ever-increasing quality consciousness has been created among farmers.

W. B. LANHAM.

Fewer Open Market Butter Sales

FOR many years the large terminal markets handled a sizable proportion of the butter marketed by creameries in this country. Under these conditions there was a large volume of open wholesale trading, and wholesale price quotations at leading markets were based on a sufficient amount of this type of trading to truly reflect supply and demand conditions. But in recent years, some marked changes have occurred, and open trading in certain terminal markets has been so

reduced as to raise the question whether the volume is adequate to warrant quoting wholesale prices. The situation is of considerable importance because wholesale prices are extensively used as a basis for trading all over the country.

The amount of open wholesale trading in leading terminal markets has been gradually declining for a number of reasons. Merchandizing programs of cooperative marketing associations and large centralizer

creameries have diverted part of the butter formerly sent to terminal markets direct to smaller markets. Some of these organizations have established their own distribution branches in terminal markets which sell direct to retailers and jobbing outlets. Another development has been direct buying in the country by chain-store organizations which formerly depended upon terminal market wholesale dealers for their supplies. Mergers and consolidations of local concerns have resulted in a number of large organizations with highly developed distribution systems which take butter and other products direct to the retailer. All these things have reduced the volume of wholesale trading.

But of importance also has been the tendency toward premium sales and contracts of various kinds whereby buyers in central markets pay more than the quoted prices. These premiums sometimes cover special credit arrangements or delivery of special known marks of certain producers, or are made because buyers wish to assure themselves of regular quantities at regular times. Such sales do not represent open trading. They are made regardless of changes in quotations, buyers and sellers having agreed upon the terms of the sale with the price left open, except that it shall bear an agreed relationship to the recognized market quotation.

Regardless of the fact that prices at the wholesale markets are necessarily based upon a smaller total volume of trading, the industry still continues to do business on the basis of wholesale quotations, either those reported by commercial price reporting agencies, or those of the Bureau of Agricultural Economics. New York and Chicago quotations predominate for all sections east of the Rockies, but on the Pacific coast local markets are followed more closely. Creameries buy butterfat from producers and sell their butter, and jobbers in the mar-

kets sell to retailers, all on the basis of wholesale prices. Premium sales and contracts, representing a very large volume, are made on the basis of wholesale quotations.

BUYING competition naturally leads to the paying of premiums, when possible, but apparently the peculiarities of human nature are in part responsible for some of the tendency toward this practice. Many shippers would rather receive a premium of one-half cent above a 25½-cent quotation than to receive a flat price of 26 cents on a 26-cent quotation. Creamery managers, owners of creamery stock, and members of cooperatives, seem to feel better if their product is sold at a premium over the "market." They do not seem to realize that no more can be paid for butter than it is actually worth. Only for temporary periods, or on occasional lots, or when a market receiver is "baiting" a shipper in order to get his business, is a premium over the real value likely to be paid. Shippers should realize that under most conditions the paying of premiums is not possible if the basic price upon which settlement is made properly reflects actual market value.

Premium sales are possible because quotations at present include principally open trading, and thus a large proportion of total receipts is eliminated.

Reporting of wholesale prices on the basis of open sales cannot be continued but the Bureau with any degree of satisfaction if the volume of wholesale trading continues to decrease. Either the present policy of price reporting must be modified to permit publication of nominal prices with the element of judgment as a major consideration, or some other type of transaction will need to be used as a basis for quoted prices. Any change along this line would necessarily mean that the industry would have to adapt itself to a new basis.

L. M. DAVIS.

Gain in Nonfarm Income Small in May

THE smallest month-to-month gain in nonagricultural income for the year to date was recorded in May. According to preliminary estimates the index of nonagricultural income rose from 91.1 percent of the 1924-29 average in April to 91.4 in May. This gain was just equal to the estimated rise in living costs. An explanation of the slowing up in the rate of improvement in nonagricultural income is found in the failure of industrial production to expand, after correction for seasonal variation, since March.

Industrial production, as estimated from reports of the Federal Reserve Board, remained steady at 110 percent of the 1924-29 average for the 3 months March to May. Output in factories processing nonagricultural raw materials continued to increase substantially but the gain was fully offset by declining output in factories using agricultural raw materials. Both textiles and foods contributed to the April-to-May decline in the agricultural raw material group.

The former continued the slow recession in evidence since last December, and the latter dropped sharply because of reduced meat packing and sugar refining.

In May, for the first time during the present recovery cycle, production in factories processing nonagricultural raw materials was higher relative to the 1924-29 base period, than factory output of products manufactured from agricultural raw materials.

Though nonagricultural income usually holds steady through temporary relapses in industrial production, such as those which have interrupted the advance of the last 4 years, any further substantial gains in city workers' income must await a resumption of the advance in production which is at present being retarded by labor disturbances. The amount of money spent for food products fluctuates closely in line with fluctuations in nonagricultural income.

P. H. BOLLINGER.

Measures of Domestic Demand

[1924-29 = 100]

	May				Percent change		
	1929	1933	1936	1937	1936-37	1933-37	1929-37
Nonagricultural income: ¹							
Total.....	106.9	60.5	82.1	91.4	+11	+51	-14
Per capita.....	101.8	55.9	73.8	81.5	+10	+46	-20
Factory pay rolls:							
Total.....	109.5	42.4	78.4	102.0	+30	+141	-7
Per employed wage earner.....	103.8	64.2	87.2	99.7	+14	+55	-4
Industrial production:							
Total.....	114.2	73.0	94.6	110.1	+16	+51	-4
Factories processing farm products.....	108.2	105.4	97.2	109.5	+13	+4	+1
Other factory production.....	118.4	55.4	93.9	110.4	+18	+99	-7
Construction activity:							
Contracts awarded, total.....	100.0	13.2	38.0	43.0	+13	+226	-57
Contracts awarded, residential.....	86.9	9.9	28.7	38.5	+34	+289	-56
Employment in production of building materials.....	94.3	34.4	53.8	64.0	+19	+86	-32
Cost of living: ¹							
Food.....	98.6	60.2	77.0	83.3	+8	+38	-16
"All other items".....	97.7	80.3	82.2	84.2	+2	+5	-14
Purchasing power of nonagricultural income per capita: ¹							
For food.....	103.2	92.9	95.8	97.8	+2	+5	-5
For "All other items".....	104.2	69.6	89.8	96.8	+8	+39	-7

¹ These indexes, as well as the index of nonfarm population used in converting nonagricultural income to a per-capita basis, have been revised; tables containing the revised data may be had on request.

NOTE.—All indexes adjusted for seasonal variation except "Cost of living."

Cash Income From the Sale of Farm Products and Government Payments to Farmers

[Million dollars]

	Grains	Cotton and cotton seed	Fruits and vegetables	All crops	Meat animals	Dairy products	Poultry and eggs	All live-stock and products	Total crops and live-stock	Government payments	Total income
1936											
January.....	41	53	54	201	191	112	41	349	550	1	551
February.....	31	32	68	161	145	103	36	288	449	-----	449
March.....	46	23	80	179	154	115	52	326	505	15	520
April.....	37	14	85	159	159	113	56	334	493	37	530
May.....	42	19	104	191	148	126	64	350	541	59	600
June.....	55	16	108	206	165	130	59	381	587	57	644
July.....	163	12	108	327	171	130	49	383	710	24	734
August.....	117	27	78	284	168	125	46	351	635	11	646
September.....	71	159	86	406	174	120	43	346	752	6	758
October.....	70	220	103	510	198	121	44	372	882	22	904
November.....	67	146	80	367	201	109	62	382	749	19	768
December.....	68	99	68	321	222	113	65	404	725	36	761
1937											
January.....	59	52	78	279	193	115	46	359	638	43	681
February.....	47	39	86	211	154	103	34	294	505	52	557
March.....	53	39	109	237	173	123	56	359	596	111	707
April.....	54	26	108	222	167	120	66	361	583	76	659
May.....	48	17	118	212	145	141	64	365	577	33	610

Noncompetitive Farm Imports

About 60 percent of agricultural imports during the depression and the 5 years preceding it consisted of commodities like coffee, rubber, silk, bananas, cocoa, etc., which are not produced in this country. Elimination of such imports would not cause many of them to be produced in this country, because most of the items in this class require tropical conditions of production. This and other similar information intended to promote a better understanding of the nature of agricultural products that are being imported into the United States, and their relation to domestic agriculture, is contained in a recent report by the Bureau of Agricultural Economics, *Agricultural Imports Classified on the Basis of Their Competitive Nature and Tariff Status*.

Fewer Farm Loans Made by Commercial Banks

Agricultural loans in the amount of \$1,081,223,000 were held by insured commercial banks on December 31, 1936. This was a decrease of 6 percent from the \$1,150,850,000 held by these banks on June 30, 1936. Loans on farm real estate showed only a nominal decline from \$489,244,000 on June 30, 1936, to \$487,604,000 on December 31, 1936, but personal and collateral loans during the same period decreased from \$661,606,000 to \$593,619,000, or 10 percent.

CORRECTION

In the June 1937 issue of the *Agricultural Situation*, page 24, last sentence of the article, "Displacement of Horses and Mules by Tractors," the decline in the number of horses and mules on farms from January 1, 1930 to January 1, 1937 should be 2,990,000 head instead of 3,990,000 head.

Tenants Buy Farms at Land Bank Sales

Twenty-five percent of 4,467 farms sold by Federal land banks in February, March, and April of this year were bought by tenants, figures compiled by the Farm Credit Administration reveal.

Gains in Farm Tenancy

Increases in tenancy were recorded in all States outside of the South on January 1, 1935, according to the Bureau of the Census. Considering the 32 States located outside of the South as a group, the proportion of farms operated by tenants rose from 28.5 percent in 1930 to 30.5 percent in 1935.

National Income Up 16 Percent

National income produced in 1936 was 63.8 billion dollars, as compared with 55 billion dollars in 1935, the Department of Commerce reports. This rise of 16 percent continued the upward trend which started in 1933, and represents the largest increase for any year of the recovery period.

Federal Loans to Farmers

The outstanding loans to farmers and farmers' cooperatives by the Farm

Credit Administration now total 3½ billion dollars and are equal to about 10 percent of the value of all our farms at the time of the last census (1935).

Small Farms in South

Of the 6,812,350 farm operators in the United States, as recorded by the 1935 agricultural census, 2,547,952, or 37.4 percent, were located in the 11 Southern States. The average southern farm, however, was only 74 acres, while in the other States it was 203 acres.

Cash Farm Income Low in South

The average cash farm income in the 11 Southern States amounted to \$462, according to the 1935 agricultural census, while the average cash farm income for the other 37 States amounted to \$1,189.

Crops Used in Automobiles

According to a report issued by a manufacturer of automobiles, crops from more than 500,000 acres are now used in the production of 1,000,000 automobiles in that plant, in addition to hides from 30,000 head of cattle, mohair from 87,500 goats, wool from 800,000 sheep, and lumber from the equivalent of 20,500 acres of forest.

General Trend of Prices and Wages

[1910-14=100]

Year and month	Whole-sale prices of all commodities ¹	Industrial wages ²	Prices paid by farmers for commodities used in ³ —			Farm wages	Taxes ⁴
			Living	Production	Living and production		
1920.....	225	222	222	174	201	239	209
1921.....	142	203	161	141	152	150	223
1922.....	141	197	156	139	149	146	224
1923.....	147	214	160	141	152	166	228
1924.....	143	218	159	143	152	166	228
1925.....	151	223	164	147	157	168	232
1926.....	146	229	162	146	155	171	232
1927.....	139	231	159	145	153	170	238
1928.....	141	232	160	148	155	169	239
1929.....	139	236	158	147	153	170	241
1930.....	126	226	148	140	145	152	238
1931.....	107	207	126	122	124	116	217
1932.....	95	178	108	107	107	86	188
1933.....	96	171	109	108	109	80	161
1934.....	109	182	122	125	123	90	153
1935.....	117	191	124	126	125	98	⁵ 154
1936.....	118	199	122	126	124	107	-----
1936							
June.....	116	196	121	120	120	-----	-----
July.....	118	198	-----	-----	123	108	-----
August.....	119	202	-----	-----	126	-----	-----
September.....	119	198	123	132	127	-----	-----
October.....	119	202	-----	-----	127	110	-----
November.....	120	201	-----	-----	127	-----	-----
December.....	123	211	124	133	128	-----	-----
1937							
January.....	125	209	-----	-----	130	103	-----
February.....	126	211	-----	-----	132	-----	-----
March.....	128	218	127	139	132	-----	-----
April.....	128	219	-----	-----	⁵ 134	112	-----
May.....	128	219	-----	-----	⁵ 134	-----	-----

Year and month	Index numbers of farm prices [August 1909-July 1914=100]								Ratio of prices received to prices paid
	Grains	Cotton and cottonseed	Fruits	Truck crops	Meat animals	Dairy products	Chickens and eggs	All groups	
1920.....	232	248	191	-----	174	198	223	211	105
1921.....	112	101	157	-----	109	156	162	125	82
1922.....	106	156	174	-----	114	143	141	132	89
1923.....	113	216	137	-----	107	159	146	142	93
1924.....	129	212	125	150	110	149	149	143	94
1925.....	157	177	172	153	140	153	163	156	99
1926.....	131	122	138	143	147	152	159	145	94
1927.....	128	128	144	121	140	155	144	139	91
1928.....	130	152	176	159	151	158	153	149	96
1929.....	120	144	141	149	156	157	162	146	95
1930.....	100	102	162	140	133	137	129	126	87
1931.....	63	63	98	117	92	108	100	87	70
1932.....	44	47	82	102	63	83	82	65	61
1933.....	62	64	74	105	60	82	75	70	64
1934.....	93	99	100	104	68	95	89	90	73
1935.....	103	101	91	127	118	108	117	108	86
1936.....	108	100	100	113	121	119	115	114	92
1936									
July.....	109	105	117	115	119	116	106	115	93
August.....	129	103	108	134	123	125	112	124	98
September.....	130	106	105	153	123	128	119	124	98
October.....	128	104	104	131	120	125	127	121	95
November.....	127	103	97	104	118	126	141	120	94
December.....	134	105	93	99	122	127	133	126	98
1937									
January.....	143	107	105	115	128	128	110	131	101
February.....	146	108	127	143	126	126	101	127	96
March.....	145	116	133	131	129	125	102	128	97
April.....	154	117	142	127	130	120	104	130	⁵ 97
May.....	149	112	152	139	133	116	96	128	⁵ 96
June.....	139	107	157	124	137	113	95	124	⁵ 93

¹ Bureau of Labor Statistics Index with 1926=100, divided by its 1910-14 average of 68.5.

² Average weekly earnings, New York State factories. June 1914=100.

³ These indexes are based on retail prices paid by farmers for commodities used in living and production reported quarterly for March, June, September, and December. The indexes for other months are interpolations between the successive quarterly indexes.

⁴ Index of farm real estate taxes, per acre, 1913=100.

⁵ Preliminary.

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